

Subject CB2

CMP Upgrade 2022/23

CMP Upgrade

ActEd often produces a free CMP Upgrade, which provides details of changes to the Syllabus, Core Reading and ActEd materials. However, in 2023 for Subject CB2, the textbook, to which most of the Core Reading relates, is changing. It is therefore not practical to produce a full upgrade.

This CMP Upgrade provides the changes to the Syllabus Objectives with only limited details given regarding the large number of changes to the textbook and associated ActEd text, checklists or practice questions.

The X Assignments are largely unchanged and so details of the changes to the X-assignments are included in this document.

We recommend that you use the 2023 study materials for the 2023 exams.

We offer up-to-date Course Notes / CMP at a significantly reduced price if you have previously bought the full-price Course Notes / CMP respectively in this subject.

0 Retaker discounts

When ordering *retaker-price material*, please tick the relevant box when using the e-store.

Students have the choice of purchasing the full CMP (printed or eBook) or just the Course Notes (printed).

The CMP retaker price doesn't include the updated textbook, which is available separately (printed or eBook).

Further information on retaker discounts can be found at:

acted.co.uk/paper_reduced_prices.html

1 Changes to the Syllabus

A new syllabus objective has been added as follows:

3.1.7 Understand policy instruments that can be used to promote environmental sustainability.

Two syllabus objectives have been removed: Syllabus Objectives 3.5.2 and 3.5.6.

2 Changes to the Core Reading and ActEd material

The Core Reading is based on a new textbook: Economics, 11th edition. This is a new and updated version of the textbook from that used for the 2022 exams (Economics, 10th edition). The changes to the textbook include, but are not limited to:

- removal / addition of definitions
- removal / update / addition of data, charts, figures and tables
- removal / addition of a number of sections
- addition of references to the COVID-19 pandemic throughout.

The ActEd text has also changed to reflect the new textbook, *eg* introductions, checklist items and questions have been amended to reflect the changed content.

If you have an old version of the textbook and course notes, we recommend that you update to the latest versions.

The principal changes to the textbook section structure and definitions are listed below. However, there are further changes that are too numerous to list, including changes to page references, boxes, figures and tables.

2.1 Changes to textbook section structure

Module	Textbook section	Textbook page (11 th ed) (*10 th ed)	Change
5	4.3 – Indifference analysis	116	New section – “The curvature and slope of indifference curves”
5	4.3 – Indifference analysis	122	New section – “Composite goods – extending the analysis to more than two goods”
5	5.2 – Behavioural economics	141-152	Significant reworking of entire section, although similar content.
10	14.1 – Competition policy	429	The section “The targets of competition policy” has been renamed “The three broad areas of competition policy”
10	14.1 – Competition policy	437-9	New section – “The impact of the UK’s departure from the EU”
14	18.3 – The supply of money	588-9	Subsections under “What causes money supply to rise?” have been reordered
15	22.3 – Monetary policy	722-5	New subsections under “Techniques to control interest rates” – “Large-scale asset purchases”, “Pass-through effect”
17	21.1 – The <i>EAPC</i> and the inflation-unemployment relationship	663	New section heading “Expectations of inflation”
17	21.2 – Inflation and unemployment: the monetarist perspective	665-6	The section “The short-run trade-off” has been renamed “The ‘fooling model’”
18	19.2 – The monetary effect of changes in the goods market	614-5	The subsection “The debate about crowding out in the early 2010s” has been expanded and renamed “Global crises and crowding out”
20	22.4 – The policy-making environment	733	Subsection “Problems with targets” has been renamed “Problems with rules and targets”
20	22.4 – The policy-making environment	705*	Removed section – “Central banks and a Taylor rule”
22	26.2 – European economic and monetary union (EMU)	864-6	New subheading “Convergence or divergence”

2.1 Changes to definitions

Module	Textbook section	Textbook page (11 th ed) (*10 th ed)	Change
4	3.1 – The control of prices	84	New definition – “Price gouging”
5	5.1 – Demand Under Conditions of Risk and Uncertainty	136	Updated definition – “Asymmetric information”
5	5.2 – Behavioural economics	143-149	New definitions – “Reference dependent preferences”, “Hyperbolic discounting”, “Altruism (in economics)”, “Spite or envy (in economics)”, “The ultimatum game”
6	6.2 – Costs in the short run	160	Updated definition – “Explicit costs”
9	8.4 – Price discrimination	243*	Removed definition – “Peak-load pricing”
9	8.4 – Price discrimination	251	New definition – “Personalised pricing”
10	14.1 – Competition policy	423*	Removed definition – “Cross-subsidise”
10	14.1 – Competition policy	430	New definition – “Resale price maintenance”
11	15.2 – Measuring national income and output	456*	Removed definition – “Social capital (OECD definition)”
13	24.2 – Arguments for restricting trade	795	New definition – “Plurilateral trade agreement”
14	18.2 – The financial system	565	New definition – “Functional separation (banking)”
15	22.3 – Monetary policy	724	New definition – “Pass-through effect (on interest rates)”
16	17.1 – Background to the theory	534	New definition – “Buffer-stock saving”
16	17.4 – The Keynesian analysis of the business cycle	556	New definition – “Balance sheet congestion”
17	16.4 – The rise of the monetarist and new classical schools	512	New definition – “Misperceptions theory”
17	16.5 – The Keynesian response	518	New definition – “Scarring effects”
17	21.2 – Inflation and unemployment: the monetarist perspective	665	New definition – “The fooling model”
18	19.1 – The effects of monetary changes on national income	604	New definition – “Forward guidance”
18	19.3 – Modelling the interaction of monetary policy and the goods market	617	New definition – “Amplifiers”

Module	Textbook section	Textbook page (11th ed) (*10th ed)	Change
19	23.5 – Supply-side policies in practice: market-orientated policies	763	New definition – “Knowledge transfer”
20	22.1 – Fiscal policy and the public finances	696	Changed definition – “Public-sector net cash requirement (PSNCR)”
20	22.1 – Fiscal policy and the public finances	697	Changed definition – “Public-sector (or general government) net debt”
20	22.1 – Fiscal policy and the public finances	700	Changed definition – “Current budget deficit”
20	22.2 – The use of fiscal policy	704	New definition – “Fiscal impulse”
20	22.4 – The policy-making environment	705*	Removed definition – “Taylor rule”
23	16.7 – The financial crisis and the COVID-19 pandemic	521	New definition – “Balance sheet recession”
23	16.7 – The financial crisis and the COVID-19 pandemic	522	New definition – “Super-hysteresis”

3 Changes to the X Assignments

Assignment X3

Question 3.16

Question 16 has been replaced with the following:

Consumption smoothing may be explained by:

- A the ability of households to borrow against future incomes.
- B the banking system's increased willingness to lend in a boom.
- C a positive relationship between spending and net financial wealth.
- D an increase in the number of credit-constrained households.

[1½]

Please use the 2023 version of the solution to this question.

4 Other tuition services

In addition to the CMP you might find the following services helpful with your study.

4.1 Study material

We also offer the following study material in Subject CB2:

- Flashcards
- Revision Notes
- ASET (ActEd Solutions with Exam Technique) and Mini-ASET
- Mock Exam and AMP (Additional Mock Pack).

For further details on ActEd's study materials, please refer to the *2023 Student Brochure*, which is available from the ActEd website at **ActEd.co.uk**.

4.2 Tutorials

We offer the following tutorials in Subject CB2:

- a set of Regular Tutorials (lasting a total of three days)
- a Block (or Split Block) Tutorial (lasting three full days).

For further details on ActEd's tutorials, please refer to our latest *Tuition Bulletin*, which is available from the ActEd website at **ActEd.co.uk**.

4.3 Marking

You can have your attempts at any of our assignments or mock exams marked by ActEd. When marking your scripts, we aim to provide specific advice to improve your chances of success in the exam and to return your scripts as quickly as possible.

For further details on ActEd's marking services, please refer to the *2023 Student Brochure*, which is available from the ActEd website at **ActEd.co.uk**.

4.4 Feedback on the study material

ActEd is always pleased to receive feedback from students about any aspect of our study programmes. Please let us know if you have any specific comments (*eg* about certain sections of the notes or particular questions) or general suggestions about how we can improve the study material. We will incorporate as many of your suggestions as we can when we update the course material each year.

If you have any comments on this course, please send them by email to **CB2@bpp.com**.